



STATE OF MISSOURI  
OFFICE OF ADMINISTRATION  
DIVISION OF PURCHASING AND MATERIALS MANAGEMENT

## NOTIFICATION OF STATEWIDE CONTRACT

Date: April 15, 2015

**CONTRACT TITLE: MASTER LEASE SERVICES**

**CURRENT CONTRACT PERIOD: NOVEMBER 8, 2012 THROUGH SEPTEMBER 30, 2015**

**BUYER INFORMATION:**

Name: Gary Eggen  
Phone: (573) 751-2497  
Email address: [gary.eggen@oa.mo.gov](mailto:gary.eggen@oa.mo.gov)

RENEWAL INFORMATION	Original Contract Period	Potential Final Expiration
	November 8, 2012 through September 30, 2015	September 30, 2015 plus extensions to accommodate completion of lease commitments

ALL PURCHASES MADE UNDER THIS CONTRACT MUST BE FOR **PUBLIC USE ONLY**.  
PURCHASES FOR PERSONAL USE BY PUBLIC EMPLOYEES OR OFFICIALS ARE PROHIBITED.

THE USE OF THIS CONTRACT IS **PREFERRED** FOR ALL STATE AGENCIES.

**Local Purchase Authority shall not be used** to purchase lease services included in this contract – agencies do not have procurement authority for financing requirements.

In the event agencies want to utilize other financing alternatives outside of this contract, prior approval of the buyer of record for the Master Lease Services Contract is required.

The entire contract document may be viewed and printed from the Division of Purchasing & Materials Management's **Contract Document Search and Retrieval System** located on the Internet at <http://www.oa.mo.gov/purch>.

*~ Instructions for use of the contract, specifications, requirements, and pricing are attached ~.*

CONTRACT NUMBER	VENDOR NUMBER	VENDOR INFORMATION	MBE/WBE	COOP PROCUREMENT
C213001001 (for 3-Year Term Leases)  C213001002 (for 5-Year Term Leases)	4309750020 F	CENTRAL BANK 238 MADISON STREET JEFFERSON CITY, MO 65101  CONTACT INFORMATION: Laura Sampson Phone: (573) 634-1182 E-MAIL: <a href="mailto:laura_sampson@centralbank.net">laura_sampson@centralbank.net</a>	NO	NO

## STATEWIDE CONTRACT HISTORY

The following summarizes actions related to this Notification of Statewide Contract since its initial issuance. Any and all revisions have been incorporated into the attached document.

Contract Period	Issue Date	Summary of Changes
11/8/12 – 6/30/15	11/8/12	Initial issuance of new statewide contract
11/8/12 – 9/30/15	4/15/15	Amendment to the contract to reduce 3-year lease rates from 275% of the base rate to 200% of the base rate (see section 3.2 of this document). Also, the contract expiration date has been misstated on this document and is being corrected to reference an expiration date of September 30, 2015, as per the original contract.

## **1. GENERAL INFORMATION AND PURPOSE:**

- 1.1 The State of Missouri has established a Master Lease Financing Contract to enable state agencies to make purchases from normal sources and finance them through a leasing contractor that is able to provide more competitive financing rates. The Master Lease Services contract shall only be used by agencies with intent to own the financed property at the end of the lease term.
- 1.2 Lease/Purchase Financing may be acquired through this contract for the following eligible property:
- a. Computer equipment, including mainframe computer equipment, mid-range computer equipment, personal computer equipment, and peripheral computing equipment;
  - b. Office equipment, including copiers, etc.;
  - c. Telecommunications or telephone systems;
  - d. Printing and typesetting equipment;
  - e. Motor vehicles, including tractors, non-road use vehicles, material handling equipment and agricultural equipment;
  - f. Laboratory equipment, medical equipment, airplanes and portable structures;
  - g. Refinancing of current lease/purchase agreements held by the state;
  - h. Other tangible personal property and perpetually-licensed computer software approved by the Office of Administration.
- 1.3 The contractor shall have the right of review and refusal of lease requests for funding the purchase of items that do not fall within the categories listed above. The contractor shall also have the right of refusal for requests from agencies who have defaulted on previous leases or exercised early cancellation of leases due to non-appropriation.
- 1.4 In order to satisfy Internal Revenue Service (IRS) requirements related to tax-exempt leasing, the first lease schedule under each of the two contracts must be for a financing requirement of at least \$50,000. Subsequent lease schedules must be for a financing requirement of at least \$10,000. The above thresholds may be met by multiple quantities of items individually valued at less than the threshold amounts so that the required threshold amounts are met.

## **2. LEASE TERMS:**

- 2.1 3-year lease terms shall be executed under Contract C213001001. The total amount of financing for 3-year leases for the duration of the contract term is \$10,000,000.00 unless mutually agreed to by the contractor and the state to increase the maximum amount of available financing.
- 2.2 5-year lease terms shall be executed under Contract C213001002. The total amount of financing for 5-year leases for the duration of the contract term is \$5,000,000.00 unless mutually agreed to by the contractor and the state to increase the maximum amount of available financing.
- 2.3 Lease term lengths requested by the agency shall be either 3-years or 5-years as available in the contracts and shall not exceed the weighted average useful life of the eligible property financed.

## **3. LEASE RATES:**

- 3.1 The fixed interest rate for each lease / purchase acquisition under the contract shall be calculated based upon the like-term interest rate for the Constant Maturity Treasury. The interest rate for such Constant Market Treasury shall be the rate shown on the U.S. Treasury website at <http://www.treas.gov/offices/domestic-finance/debt-management/interest-rate/yield.shtml> as of the business day in which the contractor receives the initial lease request in the form of a Master Lease Financing Request (see Attachment #1) that is properly approved by the Office of Administration, Division of Accounting and Commissioner's Office. The Constant Maturity Treasury interest rate established as provided in the preceding sentence shall then be adjusted in the manner provided in the table below and rounded to the nearest one-hundredth of one percent (.00).

- 3.2 The adjusted rate shall be inclusive of all costs to the state agency. There shall be no additional costs to the state, such as surety bond premiums, letter of credit fees, origination fees, escrow fees, closing costs, administrative fees, etc. The adjusted rate shall be fixed and apply for the entire term of the individual lease schedule.

<b>CONTRACT C213001001 3-YEAR TERM LEASES</b>		
<b>REPAYMENT TERM LENGTH</b>	<b>BASE RATE USED FOR COMPUTING LEASE RATE</b>	<b>PERCENTAGE OF BASE RATE TO DETERMINE LEASE RATE</b>
3-Year Term	3-Year Constant Maturity Treasury	200% of Base Rate

<b>CONTRACT C213001002 5-YEAR TERM LEASES</b>		
<b>REPAYMENT TERM LENGTH</b>	<b>BASE RATE USED FOR COMPUTING LEASE RATE</b>	<b>PERCENTAGE OF BASE RATE TO DETERMINE LEASE RATE</b>
5-Year Term	5-Year Constant Maturity Treasury	149% of Base Rate

#### **4. ACQUISITION AND FINANCING PROCESS:**

- 4.1 Request for Funding Document: A State Agency initiates a financing of Eligible Property under the Master Lease Contract by submitting a Financing Request (see Attachment 1 for sample template) to the Office of Administration, Division of Accounting for review and approval.
- a. The State Agency will include in its request a description of the Eligible Property.
  - b. Information submitted by the State Agency to the Office of Administration shall be sufficient to determine that the acquisition is in compliance with law and the terms of the Master Lease. The State Agency must certify that sufficient funds are legally available for payments due in the current fiscal year and that the State Agency is able to meet all of the requirements of the Master Contract. The State shall not otherwise be responsible for the issuance of any documentation relating to the opinion of the state's counsel with respect to the legality of Financing Requests.
  - c. The Office of Administration will have final approval authority on all State Agency requests for financing under the Master Lease. In their review of the "Financing Request" documents, the Office of Administration will be reviewing all transactions and will be aware of all lease obligations for budgeting purposes. The Office of Administration highly values the AAA credit rating recognized by Moody's, Standard & Poors, and Fitch and will apply due diligence in their approval of State Agency Financing Requests.
- 4.2 Upon receipt of an approved Financing Request from the Office of Administration, the State Agency may begin coordination of the acquisition of the Eligible Property to be financed and forward a copy of the approved Financing Request to the Lessor. Upon receipt of the approved financing request, the Lessor shall lock the Lease Schedule Interest Rate for thirty (30) days as of the date of receipt. If the Lease Schedule has not been executed by the State Agency and delivered to the Lessor within such 30-day period, the Lease Schedule Interest Rate will be re-set on the thirty-first (31<sup>st</sup>) day following Lessor's initial receipt of the approved Financing Request. The new rate shall be locked for a period of thirty (30) days as of the re-set date. The Lease Schedule Interest Rate shall continue to be re-set in the same manner every thirty (30) days, until the Lease Schedule is executed by the State Agency and delivered to the Lessor.

**5. LEASE SCHEDULE, PROPERTY ACCEPTANCE AND DISBURSEMENT AUTHORIZATION:**

- 5.1 Upon receipt of the approved Financing Request from the State Agency, Lessor shall generate and execute a Lease Schedule document in a similar form as the sample template provided in Attachment #2, Lease Schedule. The Lease Schedule shall include the applicable Lease Schedule Interest Rate, payment dates and payment amounts including amount of interest included in payment amount, and applicable balances after each payment. The Lessor will set the first payment date on the Lease Schedule to occur not sooner than 30 days following the date it executes the Lease Schedule. The Lessor shall also generate the appropriate form of Certificate of Acceptance and Disbursement Authorization (see Attachment #3 hereto as a sample template).
- 5.2 The Lessor shall provide two signed copies of the Lease Schedule and the form of Certificate of Acceptance and Disbursement Authorization to the Agency.
- 5.3 The agency shall sign both copies of the Lease Schedule and shall forward one copy as well as one signed copy of the Certificate of Acceptance and Disbursement Authorization Form and a copy of the invoice to the Assistant Director of Financial in the Office of Administration, Division of Accounting. The State Agency shall send a signed copy of the Lease Schedule and Certificate of Acceptance and Disbursement Authorization Form and the other original invoice to the Lessor.
- 5.4 Upon receipt of the signed Lease Schedule and Certificate of Acceptance and Disbursement Authorization Form, the Lessor shall provide payment of the invoice directly to the invoicing vendor. Such payment shall be made as quickly as possible so as not to cause application of any late payment penalties.

**6. LEASE PAYMENTS:**

- 6.1 Quarterly payments shall be made to the contractor (lessor) in accordance with the lease schedule.
- a. All lease schedules will have common quarterly payment dates of February 1, May 1, August 1 and November 1. If the Disbursement Request and Individual Lease Schedule is finalized less than one month prior to a quarterly payment date, the contractor shall establish the first payment due on the following quarterly payment date. For example, an individual agency lease is finalized on January 15; the first quarterly payment would not be due until May 1. If the Disbursement Request and Individual Lease Schedule is finalized more than one month prior to a quarterly payment date, the contractor shall establish the first full quarterly payment due on that next quarterly payment date. For example, an individual agency lease is finalized on December 15; the first quarterly payment would be due February 1.
- 6.2 Lease Payments to be Unconditional:
- a. Except as provided by provisions relating to non-appropriation of funds, the obligations of lessee to make lease payments and to perform and observe the other covenants and agreements contained in this document shall be absolute and unconditional in all events without abatement, diminution, deduction, set-off or defense, for any reason, including without limitation any failure of the equipment to be delivered or installed, any defects, malfunctions, breakdowns or infirmities in the equipment or any accident, condemnation or unforeseen circumstances.
- 6.3 Advanced Payments:
- a. The state shall have the ability to make payments in advance, when funds are available, in order to lower the principal balance and thereby reduce the length of term. Any such full or partial prepayment for any eligible property/service financed under the contract may be made at any time without any penalty or prepayment fees.
- b. The frequency of advance payments shall be limited to one advanced payment per fiscal year period (July 1 through June 30) per individual lease schedule. The amount of any advance payment shall be at least the amount of the agreed to quarterly payment amount including principal and interest.

- c. Such advance payment shall not result in any penalties or increase in the remaining principal amount. Nor shall advance payments change the quarterly payment amount identified in the individual lease schedule or the effective interest rate, unless such rate is lower.
- d. At such time as the state makes such advance payments, the contractor shall provide a revised amortization schedule reflecting the newly revised principal balance and the reduction in term length. Advance payments shall not be construed as refinancing the lease obligation.
- e. In the event of a partial prepayment, such advance shall not change the quarterly lease payment amount identified in the individual lease schedule or the effective interest rate, unless such rate is lower. As a result, the prepayment shall result in a reduction in the term length and number of lease payments required. Upon receipt of the prepayment, the contractor must provide to the lessee a new amortization schedule that reflects the new principal balance and reduction in term length as a result of the prepayment. Prepayments shall not be construed as refinancing the lease obligation.

## **7. OTHER MASTER LEASE FINANCING TERMS/CONDITIONS AND PROVISIONS:**

- 7.1 Single Point of Contact and Responsibility: The contractor shall be the single point of contact and responsibility for the State of Missouri regardless of any subcontract relationships including those involving third party sources of funds. In no event will the State of Missouri approve of an assignment of individual lease schedules nor will the state issue any orders or payments to third party organizations.
- 7.2 Title to the Property: Upon acceptance of the property by agency, title to the leased property shall vest in the agency, subject to the provisions of the contract including the Lease Schedule. The agency shall immediately surrender possession and title of that property to the Contractor, upon (a) any termination of the Lease Schedule as allowed herein or (b) the occurrence of a default with respect to the individual lease. Any transfer of title to Contractor pursuant to this section shall occur automatically without the necessity of any bill of sale, certificate of title or other instrument of conveyance. The agency shall, nevertheless, execute and deliver any such instruments as the Contractor may request to evidence such transfer.
- 7.3 Loss of or Damage to Leased Property: The State Agency shall be responsible for all loss of or damage to the leased property. In the event of theft, damage, destruction or other loss of use of the leased property, the state will be responsible to continue payments in fulfillment of the contract, subject to the provisions of the contract relating to non-appropriation. If lost or damaged, the lessee shall be required to replace, repair or restore the leased property to its condition prior to the loss or destruction.
- 7.4 Personal Property: The leased property shall remain personal property and shall not be deemed to be affixed to or a part of the real estate on which it may be situated, notwithstanding that the property or any part thereof may be or hereafter become in any manner physically affixed or attached to real estate or any building thereon.
- 7.5 Disclaimer of Warranties: As the state agency has selected the equipment and the vendor(s) of the leased property, the Contractor shall not be responsible for any warranty or representation, either express or implied, as it would relate to the value, design, condition, merchantability or fitness for purpose of the leased property. In no event shall the Contractor be liable for any actual, incidental, indirect, special or consequential damage in connection with the Lessee's use or maintenance of the leased property.
- 7.6 Liens, Taxes, Other Governmental Charges and Utility Charges: The State Agency shall keep the leased property free of all liens, charges and encumbrances except those created by the contract including the Lease Schedules. The leased property shall be used for a governmental or proprietary purpose of state and, therefore, the leased property shall be exempt from all property taxes. If the use, possession or acquisition of the leased property is nevertheless determined to be subject to taxation, the State Agency shall pay when due all taxes and governmental charges lawfully assessed or levied against or with respect to the leased property. The State Agency shall pay all utility and other charges incurred in the use and maintenance of the leased property.

- 7.7 Events of Default: Events of Default shall be deemed to occur when provisions of the lease contract, Lease Schedule and the disbursement authorization have not been performed by either the lessee or the Lessor as required. When an Event of Default occurs, written notification of the default shall be sent to the defaulting party identifying the parameters of the default. The defaulting party shall have ten (10) calendar days from receipt of the notification to provide a cure or a sufficient plan to cure the default.
- a. In the event the defaulting party fails to cure the default as allowed above, the resulting remedy shall include termination of the lease and return of the leased property to the lessor.
- 5.13 Representations and Covenants of the State Agency (Lessee): Lessee shall represent, covenant and warrant for the benefit of Lessor the following:
- a. The contract along with all Lease Schedules executed under the authority of the contract constitute the legal, valid and binding obligation of Lessee enforceable in accordance with its terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally.
- b. Lessee has full power and authority to enter into the contract and the transactions contemplated hereby and to perform all of its obligations hereunder.
- c. Lessee has, in accordance with the requirements of law, fully budgeted and appropriated sufficient funds for the current fiscal year to make the lease payments scheduled to come due during the current fiscal year and to meet its other obligations under the is agreement for the current fiscal year, and such funds have not been expended for other purposes.
- d. Lessee has acquired the Eligible Property in accordance with all applicable procurement laws.
- e. There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or threatened against or affecting Lessee, nor to the best knowledge of Lessee is there any basis therefore wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by this or other document or certificate which is used or contemplated for use in the consummation of the transactions executed under the contract.
- f. All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery by Lessee of the contract or in connection with the carrying out by Lessee of its obligations hereunder have been obtained.
- g. The entering into and performance of the lease by the Lessee will not violate any judgment, order, law or regulation applicable to Lessee or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance on any assets of Lessee or the Eligible Property pursuant to any indenture, mortgage, deed of trust, bank loan or credit agreement or other instrument to which Lessee is a party or by which it or its assets may be bound, except as herein provided.
- h. During the Lease Term, the Eligible Property will be used by Lessee only for the purpose of performing governmental or proprietary functions of Lessee consistent with the permissible scope of Lessee's authority.
- i. Lessee currently intends to continue the lease term for the subject Lease through the current contract period and all of the subsequent renewal periods of the contract and to pay the lease payments hereunder. The agency (lessee) will include in its budget request for each fiscal year the lease payments to become due in that fiscal year with respect to all Eligible Property leased hereunder for its benefit and will use all reasonable and lawful means available to secure the appropriation of money for each fiscal year sufficient to pay all lease payments coming due in that fiscal year with respect to that leased property. The parties acknowledge that appropriation for lease payments is a governmental function which Lessee cannot contractually commit itself in advance to perform and the contract does not constitute such a commitment. However, Lessee reasonably believes that moneys in an amount sufficient to make all lease payments can and will lawfully be appropriated and made available to permit Lessee's continued utilization of the Eligible Property in the performance of its essential functions during the applicable lease term.

- j. Non-appropriation: Lessee is obligated only to pay such lease payments under the schedule as may lawfully be made from funds budgeted and appropriated for that purpose during Lessee's then current fiscal year.
- k. If a Lease is terminated as a result of non-appropriation, Lessee agrees, at Lessee's cost and expense, to peaceably deliver the Eligible Property then subject to that lease to Lessor at the location or locations to be specified by Lessor. If Lessee fails to deliver Equipment that is subject to a lease terminated under this Section within 10 business days after the termination of that lease, the termination shall nevertheless be effective, but Lessee shall be responsible for the payment of damages in an amount equal to the amount of the lease payments that would thereafter have come due under that Lease if it has not been terminated and which are attributable to the number days after the termination of that lease during which Lessee fails to so deliver that leased property.
- l. Location and Inspection: Once installed, no leased item will be moved from the location specified for it in the Lease Schedule on which that item is listed without notice to Lessor specifying the new location. After giving sufficient advanced notice, the Lessor shall have the right at all reasonable times during regular business hours to enter into and upon the property of Lessee for the purpose of inspecting the leased property.
- m. Use and Maintenance of the Equipment: Lessee will not install, use, operate or maintain the leased property improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this schedule. Lessee will, at Lessee's own cost and expense, maintain, preserve and keep the leased property in good repair, working order and condition. Lessor shall have no responsibility to maintain, repair or make improvements or additions to the leased property.



**ATTACHMENT #1  
MASTER LEASE FINANCING REQUEST**

**State of Missouri Lease No.:** \_\_\_\_\_

*(to be completed by the Office of Administration, Division of Accounting)*

**Agency Name:** \_\_\_\_\_

**Agency Address:** \_\_\_\_\_

**Agency Contact:** \_\_\_\_\_

Phone: \_\_\_\_\_

E-Mail: \_\_\_\_\_

Fax: \_\_\_\_\_

The (agency name) hereby requests the ability to acquire (description of product) via lease/purchase financing through the State of Missouri's Contract C210033002.

Detailed Description of Equipment: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Equipment Provider/Contact/Address: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Method of Acquisition: \_\_\_\_\_ *(e.g. Bid #, Contract #)*

Equipment Cost: \$ \_\_\_\_\_

Financing Amount Requested: \$ \_\_\_\_\_

Lease Term Requested: \_\_\_\_\_ months

Anticipated Order Date: \_\_\_\_\_

Anticipated Delivery Date: \_\_\_\_\_

**Requested By:**

Signed: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Agency Name: \_\_\_\_\_

**Office of Administration Approval:**

Signed: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Agency Name: \_\_\_\_\_

*Approval of the above shall represent that the agency request is within the maximum credit limits defined in the contract, within the current appropriation authority of the agency and that the term does not appear to exceed the useful life of the property leased. In no way shall the approval of the Office of Administration result in the Office of Administration being a party to the subsequent lease and thereby responsible for any default of the agency.*

## Lease Financing Request, cont'd

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### Agency Required Information:

Date: \_\_\_\_\_

Term of Lease: \_\_\_\_\_

Estimated Interest Rate: \_\_\_\_\_

Reason for Leasing vs. Outright Purchase: \_\_\_\_\_

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Are there sufficient appropriated funds for the current fiscal year payment requirements? Y N

Is this a new lease or refinance? New Refinance

If refinance provide: lease number, original principal amount, interest rate and term of old lease.

Lease Number: \_\_\_\_\_ Principal Amount: \$ \_\_\_\_\_

Interest Rate: \_\_\_\_\_ Term: \_\_\_\_\_

Department/Division Director Approval: \_\_\_\_\_ Date: \_\_\_\_\_

My signature confirms this equipment is necessary for our operations and that the quoted price is fair.

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### This Section to be completed by Office of Administration – Division of Accounting

Estimated Payment Amount: \$ \_\_\_\_\_

Estimated Annual Payment Requirement: \$ \_\_\_\_\_

Estimated Cumulative Interest over term of Lease \$ \_\_\_\_\_

Recommendation: Approve Deny

Signature: \_\_\_\_\_

My signature confirms the financing is reasonable given current market conditions.

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### Office of Administration Commissioner's Office:

Approved Denied

Signature: \_\_\_\_\_

**ATTACHMENT #2**

**MASTER LEASE SERVICES  
LEASE SCHEDULE**

*A Lease Schedule shall be executed by the Contractor (Lessor) and the State Agency requesting financing (Lessee). The following shall serve as a guideline for the establishment of such a Lease Schedule. The actual Lease Schedule executed may differ in format but shall not conflict with the Master Lease Contract nor shall it include terms and conditions not included in or allowed by the Master Lease Contract.*

**STATE OF MISSOURI LEASE NO.:** \_\_\_\_\_

**1. REQUESTING AGENCY / BILLING ADDRESS**

**Agency Name:** \_\_\_\_\_  
\_\_\_\_\_  
**Agency Address:** \_\_\_\_\_  
\_\_\_\_\_  
**Agency Contact:** \_\_\_\_\_  
**Contact Phone No.:** \_\_\_\_\_  
**Contact E-Mail:** \_\_\_\_\_  
**Contact Fax No.:** \_\_\_\_\_

**2. SCHEDULE OF ELIGIBLE PROPERTY TO BE LEASED**

Quantity	Description Brand/Model/Serial No./Location	Unit Cost	Total Cost
<b>TOTAL FINANCING REQUESTED:</b>			

**3. CERTIFICATION OF ACCEPTANCE**

Pursuant to the Lease of the above described Eligible Property, the State Agency (Lessee) hereby certifies and represents to the Lessor as follows:

- (a) All of the Eligible Property listed above has been delivered, installed and accepted by the State Agency on the date hereof.
- (b) The State Agency has conducted such inspection and/or testing of the Eligible Property listed above as it deems necessary and appropriate and hereby acknowledges that it accepts the Eligible Property for all purposes intended.

**4. GENERAL LEASE PROVISIONS AND REQUIREMENTS:**

**4.1 Definitions: The following definitions shall apply throughout this document:**

**4.1.1 Lessor** refers to the Contractor and is responsible for funding the Master Lease to the State of Missouri.

**4.1.2 Lessee** refers to the applicable State Agency that leases Eligible Property pursuant to the Master Lease Contract and Lease Schedule.

- 4.1.3 **Lease/Purchase Financing** refers to a tax exempt capital lease, subject to annual appropriation, in which the lessee takes ownership of the Eligible Property upon full payment of the lease obligations.
- 4.1.4 **Eligible Property** refers to tangible personal property and software as described in Section 2.1.7 herein, the acquisition cost of which, including installation and other related costs, may be paid by the Lessor and leased to lessee pursuant to the Master Lease Contract. Software and bundled services (e.g. training, maintenance, warranty, etc.) will be Eligible Property only if the vendor certifies to lessee that it is of a type normally included as part of a lease/purchase transaction regardless of whether the financing is tax-exempt.
- 4.1.5 **Vendor** refers to the entity from which the agency is acquiring the Eligible Property and to which the Lessor will make payment upon execution of an Individual Lease Schedule.
- 4.1.6 **Master Lease Contract** refers the agreement between the Contractor and the State of Missouri.
- 4.1.7 **Financing Request** refers to the request from the State Agency to the Office of Administration for lease funding under the Master Lease Contract, to be used to acquire Eligible Property, including installation and other related costs.
- 4.1.8 **Disbursement Request** refers to the document that requests payment by the Lessor to vendor(s) providing the Eligible Property pursuant to a Lease Schedule.
- 4.1.9 **RSMo (Revised Statutes of Missouri)** refers to the body of laws enacted by the Legislature, which govern the operations of all agencies of the State of Missouri. Chapter 34 of the statutes is the primary chapter governing the operations of Division of Purchasing and Materials Management (DPMM).
- 4.1.10 **Individual Lease Schedule** refers to the Lease Schedule resulting from a Financing Request that defines the rate, term, principal amount and amortization schedule for that Lease Schedule
- 4.1.11 **Lease Term** means with respect to each Lease Schedule Principal Advance, a period of three or five years, as applicable to the Lease Schedule, commencing on the date the Lessor funds the Lease Schedule over which the State Agency will make scheduled payments under the Lease Schedule. For the purposes of federal tax law only, the term of the Master Lease commences on the date the first Lease Schedule is funded and ends on the date that the last Lease Schedule is paid in full.
- 4.1.12 **Scheduled Amortization** means for each Lease Schedule equal quarterly payments of the Lease Schedule Principal Advance over the Lease Term.
- 4.1.13 **Lease Payment Date** means the first day of February, May, August and November.
- 4.1.14 **Lease Schedule Interest Rate** means the interest rate applicable to the Lease Schedule Principal Advance under an individual Lease Schedule, which shall be determined pursuant to Exhibit A (pricing) and Section 2.3.2.
- 4.1.15 **Lease Schedule Principal Advance** means the amount advanced by the Lessor pursuant to a single Lease Schedule.
- 4.1.16 **Leased Property** means the Eligible Property leased pursuant to a Lease Schedule.
- 4.1.17 **Special Tax Counsel** means Gilmore & Bell, P.C., or other firm of nationally recognized bond counsel acceptable to the Office of Administration.

## **4.2 Lease Approvals:**

- 4.2.1 The State Agency's (Lessee) approval to proceed with a Lease under the Master Lease Contract shall be provided by a Financing Request, properly approved by the Office of Administration, Division of Accounting.
- 4.2.2 The Contractor (Lessor) shall provide funding for all approved requests unless the requesting State Agency has previously exercised early termination of prior leases either due to non-appropriation or default of lease obligations.
- 4.2.3 Any default by any State Agency in relation to an Individual Lease Schedule under the contract shall not affect in any way any other Individual Lease Schedule executed under the contract. The Master Lease Contract shall not include any cross-default provisions.

#### **4.3 Tax-Exempt Lease/Purchase Financing:**

- 4.3.1 All leases executed under the Master Lease Contract shall be tax-exempt and be subject to the provisions of the Master Lease Contract relating to treatment as tax-exempt obligation.
- 4.3.2 For each Master Lease Contract, the State will provide the Lessor with an opinion of Special Tax Counsel at the time the first Lease Schedule is funded. The opinion of Special Tax Counsel will be dated as of the date the first Lease Schedule is funded by the Lessor, and is subject to the condition that the terms of the Master Lease Contract (particularly those regarding the establishment of the repayment terms for Lease Schedules and their funding are complied with by the State Agency and the Lessor) and that Eligible Property will be used by State Agencies in accordance with certain federal income tax requirements which will be monitored by the Office of Administration, Division of Accounting. The Division of Accounting shall be responsible for executing and filing a properly completed Form 8038-G for the Master Lease Contract.
- 4.3.3 After filing, the Division of Accounting will provide to the Lessor a copy of the Form 8038-G actually filed with the Internal Revenue Service, showing the date of filing. An 8038-G shall be filed for each Master Lease Contract and, for each Lease Schedule pursuant to which a prior lease purchase agreement is being refinanced, if, in the opinion of Special Tax Counsel, a separate 8038-G or 8038-GC is required to be filed in order for the interest on the Lease Schedule to be excluded from gross income for purposes of federal income taxes.
- 4.3.4 Under no circumstances will the Lessor take any action to file or solicit any State Agency to file any Form 8038-G or 8038-GC for an individual Lease Schedule. Under no circumstance will the Lessor take any action to treat the Master Lease Contract or any Lease Schedule as a "bank-qualified obligation" under Section 265(b) of the Code.
- 4.3.5 It is the State's and the Lessor intent that Master Lease does not constitute a "true" lease for federal income tax purposes. The State and the Lessor will treat the State Agency as the owner of leased Eligible Property for federal income tax purposes.
- 4.3.6 The State covenants to comply with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), relating to the exclusion from federal gross income of the interest component of the lease/purchase financing payments made under each Lease Schedule. The State further covenants to take such other action as may be reasonably necessary to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions, in order to preserve the exclusion from federal gross income of the interest component of the lease/purchase financing payments, to the extent any such actions can be taken by the State.
- 4.3.7 In connection with the initial funding of the first Lease Schedule, the State will provide Special Tax Counsel with a Federal Tax Certificate relating to compliance with requirements necessary to cause the interest component of the lease/purchase financing payments under each Lease Schedule to be tax-exempt. In addition, the Office of Administration, Division of Accounting will at least annually monitor compliance with tax-exempt financing requirements.
- 4.3.8 The State of Missouri will treat the Master Lease as a "lease", as opposed to a debt instrument for the purposes of all state law limitations on the incurring debt.

#### **4.4 Lease Payments:**

- 4.4.1 Periodic payments shall be made as defined in the individual lease schedules executed under the contract.

#### **4.5 Lease Payments Subject to Annual Appropriation:**

- 4.5.1 Lease Payments Subject to Annual Appropriation: The respective State Agency referenced on the Individual Lease Schedule, on behalf of the State of Missouri, shall be obligated to pay such payments under the contract and any Lease Schedule as are lawfully available and appropriated for that purpose under the laws of the State of Missouri. Payments made by the State Agency under the Agreement are payable solely from amounts that may be, but are not required to be, appropriated annually by the State of Missouri. All payments under the Master Lease Contract shall be subject to annual appropriation by the State in accordance with the RFP Terms and Conditions, paragraph 16-d. Neither the contract nor any payments required under the contract shall constitute a mandatory payment obligation of the State Agency, in any year beyond the year during which the State Agency, is a lessee under the contract, or constitute or give rise to a general obligation or other indebtedness of the State Agency. The State Agency is not legally obligated to budget or appropriate moneys for any fiscal year beyond the current fiscal year or any subsequent fiscal year in which the contract is in effect, and there can be no assurance that the State Agency will appropriate funds to make payments or renew the contract in any year. The State Agency may terminate its obligations under the contract on an annual basis at the end of the State's fiscal year.

- 4.5.2 The Office of Administration will annually provide, to the Contractor upon request, copies of transmittal letters signed by the governor indicating approval or veto of the appropriation bills. The Truly Agreed To and Finally Passed versions of the bills are accessible via the state's website.

#### **4.6 Advance Payments:**

- 4.6.1 The state shall have the ability to make payments in advance, when funds are available, in order to lower the principal balance and thereby reduce the length of term. Any such full or partial prepayment for any Eligible Property financed under the contract may be made at any time without any penalty or prepayment fees.
- 4.6.2 The frequency of advance payments shall be limited to one advanced payment per fiscal year period (July 1 through June 30) per Lease Schedule. The amount of any advance payment shall be at least the amount of the agreed to quarterly payment amount including principal and interest.
- a. In addition to such advanced payment, in the event that the state does deposit lease funds in a state account for future payment of leased property and then surplus money is remaining either (1) after payment for such leased property pursuant to an Lease Schedule or (2) by reason of a reduction by the state in the Eligible Property subject to such Lease Schedule, lessee shall notify Lessor of such surplus and pay such surplus to Lessor as an advanced payment within 60 days after the completion of the delivery and acceptance of the Eligible Property purchased and being financed by such Lease Schedule.
- 4.6.3 Advance payment shall not result in any penalties or increase in the remaining principal amount. Nor shall advance payments change the quarterly payment amount identified in the Lease Schedule or the Lease Schedule Interest Rate.
- 4.6.4 In the event of a partial prepayment, the advance payment shall not change the quarterly lease payment amount identified in the Lease Schedule or the Lease Schedule Interest Rate. As a result, the prepayment shall result in a reduction in the term length and number of lease payments required. Upon receipt of the prepayment, the Contractor must provide to the lessee a new amortization schedule that reflects the new principal balance and reduction in term length as a result of the prepayment. Prepayments shall not be construed as refinancing the lease obligation.

#### **4.7 Single Point of Contact/Responsibility:**

- 4.7.1 The Contractor (Lessor) shall be the single point of contact and responsibility for the State. The Contractor shall fund all Lease Schedules without regard to any subcontract relationships the Contractor has involving third parties, including any agreements the Contractor enter into to secure a source of money to fund any Lease Schedule Principal Advance. In no event will the State or any State Agency approve of an assignment of individual Lease Schedules nor will the State issue any orders or payments to third party organizations.

#### **4.8 Title to the Leased Property:**

- 4.8.1 Upon acceptance of the property by agency, title to the leased property shall vest in the agency, subject to the provisions of the contract including the Lease Schedule. The agency shall immediately surrender possession and title of that property to the Contractor, upon (a) any termination of the Lease Schedule as allowed herein or (b) the occurrence of a default with respect to the individual lease. Any transfer of title to Contractor pursuant to this section shall occur automatically without the necessity of any bill of sale, certificate of title or other instrument of conveyance. The agency shall, nevertheless, execute and deliver any such instruments as the Contractor may request to evidence such transfer.

#### **4.9 Personal Property:**

- 4.10.1 The leased property shall remain personal property and shall not be deemed to be affixed to or a part of the real estate on which it may be situated, notwithstanding that the property or any part thereof may be or hereafter become in any manner physically affixed or attached to real estate or any building thereon.

#### **4.9 Loss or Damage to Eligible Property:**

- 4.9.1 The State Agency shall be responsible for all loss of or damage to the leased property. In the event of theft, damage, destruction or other loss of use of the leased property, the state will be responsible to continue payments in fulfillment of the contract, subject to the provisions of the contract relating to non-appropriation. If lost or damaged, the lessee shall be required to replace, repair or restore the leased property to its condition prior to the loss or destruction.

#### **4.11 Disclaimer of Warranties:**

- 4.11.1 As the state agency has selected the equipment and the vendor(s) of the leased property, the Contractor shall not be responsible for any warranty or representation, either express or implied, as it would relate to the value, design, condition, merchantability or fitness for purpose of the leased property. In no event shall the Contractor be liable for any actual, incidental, indirect, special or consequential damage in connection with the Lessee's use or maintenance of the leased property.

#### **4.12 Liens, Taxes, Other Governmental Charges and Utility Charges:**

- 4.12.1 The State Agency shall keep the leased property free of all liens, charges and encumbrances except those created by the contract including the Lease Schedules. The leased property shall be used for a governmental or proprietary purpose of state and, therefore, the leased property shall be exempt from all property taxes. If the use, possession or acquisition of the leased property is nevertheless determined to be subject to taxation, the State Agency shall pay when due all taxes and governmental charges lawfully assessed or levied against or with respect to the leased property. The State Agency shall pay all utility and other charges incurred in the use and maintenance of the leased property.

#### **4.13 Events of Default:**

- 4.13.1 Events of Default shall be deemed to occur when provisions of the lease contract, Lease Schedule and the disbursement authorization have not been performed by either the lessee or the Lessor as required. When an Event of Default occurs, written notification of the default shall be sent to the defaulting party identifying the parameters of the default. The defaulting party shall have ten (10) calendar days from receipt of the notification to provide a cure or a sufficient plan to cure the default.
- 4.13.2 In the event the defaulting party fails to cure the default as allowed above, the resulting remedy shall include termination of the lease and return of the leased property to the Lessor.

#### **5. REPRESENTATIONS AND COVENANTS OF AGENCY (LESSEE):** Lessee shall represent, covenant and warrant for the benefit of Lessor the following:

- 5.1.1 The contract along with all Lease Schedules executed under the authority of the contract constitute the legal, valid and binding obligation of Lessee enforceable in accordance with its terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally.
- 5.1.2 Lessee has full power and authority to enter into the contract and the transactions contemplated hereby and to perform all of its obligations hereunder.
- 5.1.3 Lessee has, in accordance with the requirements of law, fully budgeted and appropriated sufficient funds for the current fiscal year to make the lease payments scheduled to come due during the current fiscal year and to meet its other obligations under the is agreement for the current fiscal year, and such funds have not been expended for other purposes.
- 5.1.4 Lessee has acquired the Eligible Property in accordance with all applicable procurement laws.
- 5.1.5 There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or threatened against or affecting Lessee, nor to the best knowledge of Lessee is there any basis therefore wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by this or other document or certificate which is used or contemplated for use in the consummation of the transactions executed under the contract.
- 5.1.6 All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery by Lessee of the contract or in connection with the carrying out by Lessee of its obligations hereunder have been obtained.
- 5.1.7 The entering into and performance of the lease by the Lessee will not violate any judgment, order, law or regulation applicable to Lessee or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance on any assets of Lessee or the Eligible Property pursuant to any indenture, mortgage, deed of trust, bank loan or credit agreement or other instrument to which Lessee is a party or by which it or its assets may be bound, except as herein provided.
- 5.1.8 During the Lease Term, the Eligible Property will be used by Lessee only for the purpose of performing governmental or proprietary functions of Lessee consistent with the permissible scope of Lessee's authority.

- 5.1.9 Lessee currently intends to continue the lease term for the subject Lease through the current contract period and all of the subsequent renewal periods of the contract and to pay the lease payments hereunder. The agency (lessee) will include in its budget request for each fiscal year the lease payments to become due in that fiscal year with respect to all Eligible Property leased hereunder for its benefit and will use all reasonable and lawful means available to secure the appropriation of money for each fiscal year sufficient to pay all lease payments coming due in that fiscal year with respect to that leased property. The parties acknowledge that appropriation for lease payments is a governmental function which Lessee cannot contractually commit itself in advance to perform and the contract does not constitute such a commitment. However, Lessee reasonably believes that moneys in an amount sufficient to make all lease payments can and will lawfully be appropriated and made available to permit Lessee's continued utilization of the Eligible Property in the performance of its essential functions during the applicable lease term.
- 5.1.10 Non-appropriation: Lessee is obligated only to pay such lease payments under the schedule as may lawfully be made from funds budgeted and appropriated for that purpose during Lessee's then current fiscal year.
- 5.1.11 If a Lease is terminated as a result of non-appropriation, Lessee agrees, at Lessee's cost and expense, to peaceably deliver the Eligible Property then subject to that lease to Lessor at the location or locations to be specified by Lessor. If Lessee fails to deliver Equipment that is subject to a lease terminated under this Section within 10 business days after the termination of that lease, the termination shall nevertheless be effective, but Lessee shall be responsible for the payment of damages in an amount equal to the amount of the lease payments that would thereafter have come due under that Lease if it has not been terminated and which are attributable to the number days after the termination of that lease during which Lessee fails to so deliver that leased property.
- 5.1.12 Location and Inspection: Once installed, no leased item will be moved from the location specified for it in the Lease Schedule on which that item is listed without notice to Lessor specifying the new location. After giving sufficient advanced notice, the Lessor shall have the right at all reasonable times during regular business hours to enter into and upon the property of Lessee for the purpose of inspecting the leased property.
- 5.1.13 Use and Maintenance of the Equipment: Lessee will not install, use, operate or maintain the leased property improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this schedule. Lessee will, at Lessee's own cost and expense, maintain, preserve and keep the leased property in good repair, working order and condition. Lessor shall have no responsibility to maintain, repair or make improvements or additions to the leased property.

## 6. REPAYMENT AND AMORTIZATION SCHEDULE:

Original Lease (Principal) Amount: \_\_\_\_\_

Lease Term (# of years): \_\_\_\_\_

Constant Maturity Treasury Rate as of \_\_\_\_\_ (Date): \_\_\_\_\_

Contract Adjustment of Constant Maturity Rate: \_\_\_\_\_ (As per contract)

Effective Adjusted Rate of Lease: \_\_\_\_\_

Payment #	Payment Due Date	Payment Amount	Interest Paid	Principal Paid	Balance
Original	---	---	---	---	\$ (Principal)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					



*(Actual table shall be reduced or expanded to include the applicable number of quarterly payments)*

All provisions of the Lease Contract, Contract # \_\_\_\_\_, including those contained in this Individual Lease Schedule shall be binding upon the Lessee and the Lessor. No other provisions or agreements shall be applicable to the individual lease of the Eligible Property specified herein.

**APPROVALS:**

**Lessee (State Agency):**

Signature: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Organization: \_\_\_\_\_

**Lessor (Contractor):**

Signature: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Organization: \_\_\_\_\_

**ATTACHMENT #3**

**MASTER LEASE SERVICES  
CERTIFICATE OF ACCEPTANCE AND DISBURSEMENT AUTHORIZATION AND REQUEST**

*A Certificate of Acceptance and Disbursement Authorization and Request shall be provided by the State Agency (Lessee) to the Contractor (Lessor). The following shall serve as a guideline for the establishment of such a document. The actual document executed may differ in format but shall not conflict with the Master Lease Contract nor shall it include terms and conditions not included in or allowed by the Master Lease Contract.*

**STATE OF MISSOURI LEASE NO.:** \_\_\_\_\_

**1. REQUESTING AGENCY / BILLING ADDRESS**

**Agency Name:** \_\_\_\_\_  
\_\_\_\_\_  
**Agency Address:** \_\_\_\_\_  
\_\_\_\_\_  
**Agency Contact:** \_\_\_\_\_  
**Contact Phone No.:** \_\_\_\_\_  
**Contact E-Mail:** \_\_\_\_\_  
**Contact Fax No.:** \_\_\_\_\_

**2. CERTIFICATION OF ACCEPTANCE:**

Pursuant to the lease of the above described Eligible Property, the State Agency (Lessee) hereby certifies and represents to the Lessor as follows:

- (a) All of the Eligible Property listed above has been delivered, installed and accepted by the State Agency on the date hereof.
- (b) The State Agency has conducted such inspection and/or testing of the Eligible Property listed above as it deems necessary and appropriate and hereby acknowledges that it accepts the Eligible Property for all purposes intended.

**3. DISBURSEMENT AUTHORIZATION AND REQUEST:**

Pursuant to the lease of the above described Eligible Property, the State Agency (Lessee) hereby authorizes and requests payment be made to the provider of subject Eligible Property in the amount specified in the applicable lease schedule and referred to as the "original lease (principal) amount."

Payment shall be made in the form of a check / bank draft (choose one) and be made payable to the provider of the Eligible Property as indicated below.

**AUTHORIZED BY:**

**Lessee (State Agency):**

Signature: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Organization: \_\_\_\_\_  
Date: \_\_\_\_\_

*Payment shall be made within five business days of the receipt of this document by the Contractor (Lessor).*